
HOUSE BILL No. 1721

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-6.1.

Synopsis: Multijurisdictional enterprise zones. Allows the enterprise zone board to designate contiguous property in two municipalities as an enterprise zone. Establishes criteria for designation as a multijurisdictional enterprise zone. Prescribes the membership of an urban enterprise association for a multijurisdictional enterprise zone.

Effective: July 1, 2003.

Klinker, Scholer

January 21, 2003, read first time and referred to Committee on Commerce and Economic Development.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1721

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-6.1-2, AS AMENDED BY P.L.90-2002,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 2. (a) The board has the following powers, in
4 addition to other powers that are contained in this chapter:

5 (1) To review and approve or reject all applicants for enterprise
6 zone designation, according to the criteria for designation which
7 this chapter provides.

8 (2) To waive or modify rules as provided in this chapter.

9 (3) To provide a procedure by which enterprise zones may be
10 monitored and evaluated on an annual basis.

11 (4) To adopt rules for the disqualification of a zone business from
12 eligibility for any or all incentives available to zone businesses,
13 if that zone business does not do one (1) of the following:

14 (A) If all of its incentives, as contained in the summary
15 required under section 2.5 of this chapter, exceed one
16 thousand dollars (\$1,000) in any year, pay a registration fee to
17 the board in an amount equal to one percent (1%) of all of its



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- 1 incentives.
- 2 (B) Use all of its incentives, except for the amount of
- 3 registration fee, for its property or employees in the zone.
- 4 (C) Remain open and operating as a zone business for twelve
- 5 (12) months of the assessment year for which the incentive is
- 6 claimed.
- 7 (5) To disqualify a zone business from eligibility for any or all
- 8 incentives available to zone businesses in accordance with the
- 9 procedures set forth in the board's rules.
- 10 (6) After a recommendation from an urban enterprise association
- 11 **or upon receipt of an application for boundary modification**
- 12 **under section 3(j) of this chapter**, to modify an enterprise zone
- 13 boundary if the board determines that the modification:
- 14 (A) is in the best interests of the zone; and
- 15 (B) meets the threshold criteria and factors set forth in section
- 16 3 of this chapter.
- 17 (7) To employ staff and contract for services.
- 18 (8) To receive funds from any source and expend these funds for
- 19 the administration and promotion of the enterprise zone program.
- 20 (9) To make determinations under IC 6-3.1-11 concerning the
- 21 designation of locations as industrial recovery sites and the
- 22 availability of the credit provided by IC 6-1.1-20.7 to persons
- 23 owning inventory located on an industrial recovery site.
- 24 (10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11
- 25 concerning the disqualification of persons from claiming credits
- 26 provided by those chapters in appropriate cases.
- 27 (11) To make determinations under IC 6-3.1-11.5 concerning the
- 28 designation of locations as military base recovery sites and the
- 29 availability of the credit provided by IC 6-3.1-11.5 to persons
- 30 making qualified investments in military base recovery sites.
- 31 (12) To make determinations under IC 6-3.1-11.5 concerning the
- 32 disqualification of persons from claiming the credit provided by
- 33 IC 6-3.1-11.5 in appropriate cases.
- 34 (b) In addition to a registration fee paid under subsection (a)(4),
- 35 each zone business that receives a credit under this chapter shall assist
- 36 the zone urban enterprise association created under section 4 of this
- 37 chapter in an amount determined by the legislative body of the
- 38 municipality in which the zone is located. If a zone business does not
- 39 assist an urban enterprise association, the legislative body of the
- 40 municipality in which the zone is located may pass an ordinance
- 41 disqualifying a zone business from eligibility for all credits or
- 42 incentives available to zone businesses. If a legislative body

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disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing within thirty (30) days of the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is passed.

SECTION 2. IC 4-4-6.1-3, AS AMENDED BY P.L.289-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The board may designate up to ten (10) enterprise zones, in addition to any enterprise zones which the federal government may designate in the state After January 1, 1988, the board may by seven (7) affirmative votes increase the number of enterprise zones above ten (10), but it may add no more than two (2) new zones each year (excluding any zone that may be added by the board in a municipality in which a previously designated zone has expired **or whose boundary is modified under subsection (j)**) and may not add any new zones after December 31, 2015. **However, the number of enterprise zones designated by the board may not exceed twenty-nine (29).** There may be no more than one (1) enterprise zone in any municipality.

(b) After approval by resolution of the legislative body, the executive of any municipality that is not an included town under IC 36-3-1-7 may submit:

- (1) one (1) application to the enterprise zone board to have one (1) portion of the municipality designated as an enterprise zone;
- (2) a joint application under subsection (c) for designation of an enterprise zone; or**
- (3) a joint application for a boundary modification under subsection (j).**

If an application is denied, the executive may submit a new application. The board by rule shall provide application procedures.

(c) This subsection applies to a municipality that does not contain an enterprise zone. The executives of two (2) municipalities may submit a joint application to the enterprise zone board to have a contiguous area located in each municipality designated as an enterprise zone.

(d) The board shall evaluate an enterprise zone application, if it finds that the following threshold criteria exist in a proposed zone:

- (1) A poverty level in which twenty-five percent (25%) of the households in the zone are below the poverty level as established by the most recent United States census or an average rate of

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unemployment for the most recent eighteen (18) month period for which data is available that is at least one and one-half (1 1/2) times the average statewide rate of unemployment for the same eighteen (18) month period.

(2) For a proposed zone located within one (1) municipality, a population of more than two thousand (2,000) but less than ten thousand five hundred (10,500).

(3) For a proposed zone located within two (2) municipalities, a population of more than four thousand (4,000) but less than twenty-one thousand (21,000).

(4) For a proposed zone located within one (1) municipality, an area of more than three-fourths (3/4) square mile but less than four (4) square miles, with a continuous boundary (using natural, street, or highway barriers when possible) entirely within the applicant municipality. However, if the zone includes a parcel of property that:

(A) is owned by the municipality; and

(B) has an area of twenty-five (25) acres or more;

the area of the zone may be increased above the four (4) square mile limitation by an amount not to exceed the area of the municipally owned parcel.

~~(4)~~ (5) For a proposed zone located within two (2) municipalities, an area of more than three-fourths (3/4) square mile but less than eight (8) square miles with a contiguous boundary (using natural, street, or highway barriers when possible) between the applicant municipalities. However, if the zone includes a parcel of property that:

(A) is owned by the municipality; and

(B) has an area of at least twenty-five (25) acres;

the area of the zone may be increased above the eight (8) square mile limitation by an amount not to exceed the area of the municipally owned parcel.

(6) For a proposed zone located within one (1) municipality, any property suitable for the development of a mix of commercial, industrial, and residential activities.

~~(5)~~ (7) For a proposed zone located within two (2) municipalities, property in both municipalities suitable for the development of a mix of commercial, industrial, and residential activities.

(8) The appointment of an urban enterprise association that meets the requirements of section 4 of this chapter.

~~(6)~~ (9) A statement by the applicant indicating its willingness to

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provide certain specified economic development incentives.

~~(d)~~ (e) If an applicant has met the threshold criteria of subsection ~~(e)~~, (d), the board shall evaluate the application, arrive at a decision based on the following factors, and either designate a zone or reject the application:

(1) Level of poverty, unemployment, and general distress of the area in comparison to other applicant and nonapplicant municipalities and the expression of need for an enterprise zone over and above the threshold criteria contained in subsection ~~(e)~~:

(d).

(2) Evidence of support for designation by residents, businesses, and private organizations in the proposed zone, and the demonstration of a willingness among those zone constituents to participate in zone area revitalization.

(3) Efforts by the applicant municipality to reduce the impediments to development in the zone area where necessary, including but not limited to the following:

(A) A procedure for streamlining local government regulations and permit procedures.

(B) Crime prevention activities involving zone residents.

(C) A plan for infrastructure improvements capable of supporting increased development activity.

(4) Significant efforts to encourage the reuse of existing zone structures in new development activities to preserve the existing character of the neighborhood, where appropriate.

(5) The proposed managerial structure of the zone and the capacity of the urban enterprise association to carry out the goals and purposes of this chapter.

~~(e)~~ (f) An enterprise zone **designated under subsection (e)** expires ten (10) years from the day on which it is designated by the board. The two (2) year period immediately before the day on which it expires is the phase-out period. During the phase-out period, the board may review the success of the enterprise zone based upon the following criteria and may, with the consent of the budget committee, renew the zone, including all provisions of this chapter, for a period of five (5) years:

(1) Increases in capital investment in the zone.

(2) Retention of jobs and creation of jobs in the zone.

(3) Increases in employment opportunities for residents of the zone.

~~(f)~~ (g) If an enterprise zone is renewed under subsection ~~(e)~~, (f), the two (2) year period immediately before the date on which the zone

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expires is another phase-out period. During the phase-out period, the board may review the success of the enterprise zone based upon the criteria set forth in subsection ~~(e)~~ **(f)** and, with the consent of the budget committee, may again renew the zone, including all provisions of this chapter, for a final period of five (5) years. The zone may not be renewed after the expiration of this final five (5) year period.

~~(g)~~ **(h)** Notwithstanding any other provision of this chapter, one (1) or more units (as defined in IC 36-1-2-23) may declare all or any part of a military base or other military installation that is inactive, closed, or scheduled for closure as an enterprise zone. Such a declaration shall be made by a resolution of the legislative body of the unit that contains the geographic area being declared an enterprise zone. The legislative body must include in the resolution that an urban enterprise association is created or designate another entity to function as the urban enterprise association under this chapter. The resolution must also be approved by the executive of the unit. If the resolution is approved, the executive shall file the resolution and the executive's approval with the board. If an entity other than an urban enterprise association is designated to function as an urban enterprise association, the entity's acceptance must be filed with the board along with the resolution. The enterprise zone designation is effective on the first day of the month following the date the resolution is filed with the board. Establishment of an enterprise zone under this subsection is not subject to the limit of two (2) new enterprise zones each year under subsection (a).

~~(h)~~ **(i)** The enterprise zone board may not approve the enlargement of an enterprise zone's geographic boundaries unless the area to be enlarged:

(1) meets the criteria of economic distress set forth in subsection ~~(e)~~ **(f)**; **(d)(1)**; or

(2) is part of a boundary modification under subsection **(j)**.

(j) The enterprise zone board may modify an enterprise zone's geographic boundaries if the executive of the municipality in which the enterprise zone is located and the executive of another municipality submit a joint application to the enterprise zone board to modify the enterprise zone's geographic boundaries to include area that is:

(1) located in the other municipality; and

(2) contiguous to the enterprise zone.

The enterprise zone board shall evaluate the application using the threshold criteria set forth in subsection **(d)** and the factors set forth in subsection **(e)**. The modification of an enterprise zone's geographic boundaries under this subsection is not considered an

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1 **addition of a new enterprise zone for purposes of subsection (a). An**
 2 **enterprise zone modified under this subsection expires on the date**
 3 **on which the enterprise zone whose boundary was modified under**
 4 **this section would have expired.**

5 SECTION 3. IC 4-4-6.1-4 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) There is created
 7 in each applicant for designation as an enterprise zone and in each
 8 enterprise zone an urban enterprise association, referred to as the
 9 U.E.A. in this chapter. ~~its~~

10 **(b) In the case of an enterprise zone located in a single**
 11 **jurisdiction, the twelve (12) members of the U.E.A. are to be chosen**
 12 **as follows:**

13 (1) The governor shall appoint the following:

14 (A) One (1) state legislator whose district includes all or part
 15 of the enterprise zone.

16 (B) One (1) representative of the state department of
 17 commerce, who is not a voting member of the U.E.A.

18 (2) The executive of the municipality in which the zone is located
 19 shall appoint the following:

20 (A) One (1) representative of the plan commission having
 21 jurisdiction over the zone, if any exists.

22 (B) One (1) representative of the municipality's department
 23 that performs planning or economic development functions.

24 (C) Two (2) representatives of businesses located in the zone,
 25 one (1) of which shall be from a manufacturing concern, if any
 26 exists in the zone.

27 (D) One (1) resident of the zone.

28 (E) One (1) representative of organized labor from the
 29 building trades that represent construction workers.

30 (3) The legislative body of the municipality in which the zone is
 31 located shall appoint, by majority vote, the following:

32 (A) One (1) member of the municipality's legislative body
 33 whose district includes all or part of the zone.

34 (B) One (1) representative of a business located in the zone.

35 (C) Two (2) residents of the zone, who must not be members
 36 of the same political party.

37 **(c) In the case of a multijurisdictional enterprise zone, the**
 38 **twenty-two (22) members of the U.E.A. are to be chosen as follows:**

39 (1) The governor shall appoint the following:

40 (A) One (1) state legislator whose district includes all or
 41 part of the enterprise zone.

42 (B) One (1) representative of the state department of

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commerce, who is not a voting member of the U.E.A.

(2) The executive of each municipality in which the zone is located shall appoint the following:

(A) One (1) representative of the plan commission having jurisdiction over the zone, if any exists.

(B) One (1) representative of the municipality's department that performs planning or economic development functions.

(C) Two (2) representatives of businesses located in the zone, one (1) of which shall be from a manufacturing concern, if any exists in the zone.

(D) One (1) resident of the zone.

(E) One (1) representative of organized labor from the building trades that represent construction workers.

(3) The legislative body of each municipality in which the zone is located shall appoint, by majority vote, the following:

(A) One (1) member of the municipality's legislative body whose district includes all or part of the zone.

(B) One (1) representative of a business located in the zone.

(C) Two (2) residents of the zone, who must not be members of the same political party.

~~(b)~~ (d) Members of the ~~urban enterprise association~~ U.E.A. serve four (4) year terms. The appointing authority shall fill any vacancy for the balance of the vacated term.

~~(c)~~ (e) Members may be dismissed only by the appointing authority and only for just cause.

~~(d)~~ (f) The members shall elect a chairman, a vice chairman, and a secretary by majority vote. This election shall be held every two (2) years in the same month as the first meeting or whenever a vacancy occurs. The U.E.A. shall meet at least once every three (3) months. The secretary shall notify members of meetings at least two (2) weeks in advance of meetings. The secretary shall provide a list of members to each member and shall notify members of any changes in membership.

~~(e)~~ (g) If an applicant for designation as an enterprise zone does not receive that designation, the U.E.A. in that municipality is dissolved when the application is rejected.

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